



SECUI 17009173  
 SEC Washington, D.C. 20535  
 Mail Processing

OMB APPROVAL	
OMB Number:	3235-0123
Expires:	May 31, 2017
Estimated average burden hours per response.....	12.00

am

Section **ANNUAL AUDITED REPORT**  
 MAR 01 2017 **FORM X-17A-5**  
**PART III**

SEC FILE NUMBER
8-32983

Washington DC:  
 406 FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the  
 Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 01/01/16 AND ENDING 12/31/16  
 MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: PALICO, LLC

OFFICIAL USE ONLY
FIRM I.D. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

200 Park Avenue, Suite 1700

(No. and Street)

New York

NY

10166

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Kenneth Boyar 917-696-0316

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

Curcio & Cohen CPA's, P.C.

(Name - if individual, state last, first, middle name)

7 Penn Plaza Suite 1500

New York

NY

10001

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:



Certified Public Accountant



Public Accountant



Accountant not resident in United States or any of its possessions.

**FOR OFFICIAL USE ONLY**

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

ts

gcr

## OATH OR AFFIRMATION

I, Kenneth Boyar, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Palico LLC, as of December 31, 2016, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

**N/A**

DENISE JOHNSTON  
NOTARY PUBLIC  
REG. NO. 01 J04874326  
KINGS COUNTY  
COMMISSION EXPIRES 10/27/18

  
Notary Public

  
Signature

CCO, FINOP

Title

This report \*\* contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☐ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☒ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☒ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).**

**PALICO LLC**  
**(A LIMITED LIABILITY COMPANY)**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**PALICO LLC**  
**(A LIMITED LIABILITY COMPANY)**

**TABLE OF CONTENTS**

	<u><b>PAGE</b></u>
<b><i>REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</i></b>	<b><i>1 - 2</i></b>
<b><i>FINANCIAL STATEMENTS:</i></b>	
<i>STATEMENT OF FINANCIAL CONDITION</i>	<i>3</i>
<i>STATEMENT OF OPERATIONS</i>	<i>4</i>
<i>STATEMENT OF CHANGES IN MEMBER'S EQUITY</i>	<i>5</i>
<i>STATEMENT OF CASH FLOWS</i>	<i>6</i>
<b><i>NOTES TO FINANCIAL STATEMENTS</i></b>	<b><i>7 - 9</i></b>
<b><i>SUPPLEMENTARY SCHEDULES:</i></b>	
<i>COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1</i>	<i>10</i>
<i>COMPUTATION FOR DETERMINATION OF RESERVE         REQUIREMENTS UNDER TO SEC RULE 15c3-3 (EXEMPTION)</i>	<i>11</i>
<i>INFORMATION RELATING TO POSSESSION OR CONTROL         REQUIREMENTS UNDER SEC RULE 15c3-3 (EXEMPTION)</i>	<i>12</i>
<b><i>REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON EXEMPTION REPORT</i></b>	<b><i>13</i></b>
<b><i>EXEMPTION REPORT</i></b>	<b><i>14</i></b>

To the Member  
Palico LLC  
New York, NY

Report of Independent Registered Public Accounting Firm

We have audited the accompanying statement of financial condition of Palico LLC (a New York limited liability company), as of December 31, 2016, and the related statements of operations, changes in member's equity, and cash flows for the year then ended. These financial statements are the responsibility of Palico LLC's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial condition of Palico LLC as of December 31, 2016, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

The computation of net capital under rule 15c3-1, computation for determination of reserve requirement under rule 15c3-3 (exemption) and information relating to possession or control requirements under rule 15c3-3 (exemption) have been subjected to audit procedures performed in conjunction with the audit of Palico LLC's financial statements. The supplemental information is the responsibility of Palico LLC's management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information, we evaluated whether the supplemental information, including its form and content, is presented in conformity with 17 C.F.R. §240.17a-5. In our opinion, the computation of net capital under rule 15c3-3, computation for determination of reserve

requirement under rule 15c3-3 (exemption) and information relating to possession or control requirements under rule 15c3-3 (exemption) is fairly stated, in all material respects, in relation to the financial statements as a whole.

*Curcio & Cohen CPA's P.C.*

Curcio & Cohen, CPA's, P.C.  
New York, New York  
February 24, 2017

**PALICO LLC**  
**STATEMENT OF FINANCIAL CONDITION**  
**DECEMBER 31, 2016**

***ASSETS***

***Current Assets:***

Cash	\$ 24,270
Prepaid Expenses	<u>105</u>
Total Current Assets	<u>24,375</u>

***Other Assets:***

Security Deposits	<u>79</u>
Total Assets	<u><u>\$ 24,454</u></u>

***LIABILITIES AND MEMBER'S EQUITY***

***Current Liabilities:***

Accrued Expenses	<u>\$ 17,000</u>
Total Current Liabilities	<u>17,000</u>

***Member's Equity:***

Member's Equity	<u>7,454</u>
Total Member's Equity	<u>7,454</u>
Total Liabilities and Member's Equity	<u><u>\$ 24,454</u></u>

The accompanying notes are an integral part of the financial statements.

PALICO LLC

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2016

***Revenue:***

Subscription Fee Income	\$ 71,826
-------------------------	-----------

***Operating Expenses:***

Professional Fees	37,723
Regulatory and Consulting Expense	32,099
Bank Service Charges	2,112
Platform Processing Fees	353
Rent	942
Computer and Internet	390
Insurance	608
Office Expense and Other	269

Total Operating Expenses	74,496
--------------------------	--------

<b><i>Loss Before Provision for Income Taxes</i></b>	<b><i>(2,670)</i></b>
--	-----------------------

<b><i>Provision for Income Taxes</i></b>	<b><i>94</i></b>
--	------------------

<b><i>Net Loss</i></b>	<b><i>\$ (2,764)</i></b>
------------------------	--------------------------

The accompanying notes are an integral part of the financial statements.



**PALICO LLC**

**STATEMENT IN CHANGES IN MEMBER'S EQUITY**

**FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Member's Equity</u>
Balance at January 1, 2016	\$ 10,218
Net Loss	<u>(2,764)</u>
Balance at December 31, 2016	<u>\$ 7,454</u>

The accompanying notes are an integral part of the financial statements.

**PALICO LLC**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED DECEMBER 31, 2016**

***Cash Flows From Operating Activities:***

Net Loss	\$ (2,764)
Adjustments To Reconcile Net Income To Net Cash Provided By (Used For) Operating Activities:	
(Increase) or Decrease in Current Assets:	
Accounts Receivable	24,000
Prepaid Expenses	94
Increase or (Decrease) in Current Liabilities:	
Accounts Payable	(1,860)
Accrued Expenses	(23,399)
Deferred Revenue	(41,592)
Net Cash Provided By (Used For) Operating Activities	<u>(45,521)</u>

***Cash Flows From Investing Activities:***

None	<u>-</u>
Net Cash Provided By (Used For) Investing Activities	<u>-</u>

***Cash Flows From Financing Activities:***

None	<u>-</u>
Net Cash Provided By (Used For) Financing Activities	<u>-</u>

Net Increase (Decrease) in Cash	(45,521)
Cash at Beginning of Year	<u>69,791</u>
Cash at End of Year	<u><u>\$ 24,270</u></u>

***Supplemental Disclosures of Cash Flow Information:***

Cash paid during the year for:	
Taxes	<u><u>\$ 94</u></u>
Interest	<u><u>\$ -</u></u>

The accompanying notes are an integral part of the financial statements.

**PALICO LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

***NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

***A) Nature of Business***

Palico LLC ("The Company") was established in January 2001, operates a platform that provides to its clients a listing of private placement offerings (the "Platform"). The Platform is utilized by Investors to initiate contact with a Sponsor who can then provide the Investor with additional information regarding the Sponsor as well as information about specific investment opportunities. The Platform does not function as a placement agent or finder. The Company's revenues are generated solely from subscription fees charged for becoming a user of the Platform. The Company is also registered with the Financial Industry Regulatory Authority ("FINRA").

***B) Basis of Accounting***

The Company's financial statements are prepared using accrual basis of accounting in accordance with accounting principles general accepted in the United States of America.

***C) Revenue Recognition / Deferred Revenue***

The Company receives subscription fees from its clients. Fees received for the current year's membership are recognized as revenue in the current year. The revenue arising from fees received in advance of subscription services rendered are deferred until earned.

***D) Regulatory Requirements***

The Company is registered as a broker-dealer and, accordingly, is subject to the net capital rules of the SEC, the PCAOB and the Financial Industry Regulatory Authority ("FINRA"). Under these rules, the Company is required to maintain minimum Net Capital, as defined under SEC Rule 15c3-1.

***E) Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**PALICO LLC**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2016**

**(continued)**

***NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)***

***F) Income Taxes***

The Company was formed as a single member LLC, however has elected to be treated as a corporation for federal and state income tax purposes.

The Company is in accordance with FASB ASC 740-10-50-8. The provision for income taxes represents the amount of federal, state, and local income taxes which are currently reportable to the respective tax authorities and is measured by applying statutory rates to the Company's taxable income as reported in its tax returns.

The Company is in accordance with FASB ASC Topic 740-10, Accounting for Uncertainty in Income Taxes, which prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of tax position taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. For the period ended December 31, 2016, the Company has no material uncertain tax positions to be accounted for in the financial statements under the new rules. The company recognizes interest and penalties, if any, related to unrecognized tax benefits in interest expense.

Deferred tax assets and liabilities are recognized based upon the difference between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. They are measured using enacted rates in the years in which those temporary differences are expected to reverse.

The Company has deductions available for tax return reporting purposes, net operating losses that total \$1,281,075 as of December 31, 2016. The deferred tax asset expires over the next 20 years based upon the Company's future taxable income. Due to the uncertainties relating to the realization of the deferred tax asset (based on generating sufficient taxable income prior to the expiration of loss carry forwards and other temporary differences), management believes that the deferred tax asset may not be realized. Thus, the deferred tax asset has been offset by an equivalent valuation allowance at December 31, 2016.

The Company is subject to routine audits by taxing jurisdiction; however there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for the years prior 2013.

***G) Management Review***

The Company has performed an evaluation of subsequent events through February 24, 2017, which is the date the financial statements were available to be issued, noting no events which affect the financial statements as of December 31, 2016.

**PALICO LLC**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2016**

**(continued)**

***NOTE 2 – LEASE COMMITMENTS***

The Company leases shared office space in New York City. The lease commenced on November 1, 2014 and is on a month-to-month basis.

Rent Expense for the year ended December 31, 2016 totaled \$942.

***NOTE 3 – CONCENTRATIONS OF CREDIT RISK***

All of the Company's cash is maintained in a single bank. The Company has exposure to credit risk to the extent its cash exceeds the amounts covered by federal deposit insurance. For the year ended December 31, 2016 the amounts covered by federal deposit insurance is \$250,000. As of December 31, 2016, there were no uninsured amounts.

***NOTE 4 – PROVISION FOR INCOME TAXES***

The Provision for Income Taxes consists of the following:

Current:

Federal	\$ -
New York State	94
New Yor City	<u>-</u>
Total	<u>\$ 94</u>

Deferred:

Federal Corporation Tax	\$ (384,323)
New York State Franchise Tax	(102,486)
New Yor City Corporation Income Tax	<u>(102,486)</u>
	<u>\$ (589,295)</u>

**PALICO LLC**  
**SUPPLEMENTARY SCHEDULES**  
**DECEMBER 31, 2016**

**PALICO LLC**

**COMPUTATION OF NET CAPITAL UNDER TO SEC RULE 15c3-1**

**DECEMBER 31, 2016**

<b><i>Net capital</i></b>	
Total member's equity	\$ 7,454
Deduct: member's equity not allowable for net capital	-
Total member's equity qualifies for net capital	7,454
Add: subordinated borrowings allowable in computation of net capital	-
<b><i>Total capital and allowable subordinated liabilities</i></b>	<u>7,454</u>
 Deductions and/or changes:	
Non-allowable assets:	
Security deposit	\$ 79
Prepaid expenses	105
Total deductions and/or changes:	<u>184</u>
<b><i>Net capital before haircuts on securities positions</i></b>	7,270
<b><i>Haircuts on securities</i></b>	-
<b><i>Net capital</i></b>	<u>\$ 7,270</u>
 <b><i>Aggregate indebtedness</i></b>	
Items included in statement of financial condition:	
Account payable, accrued liabilities, accrued expenses	
and other items included in statement of financial condition	\$ 17,000
Total aggregate indebtedness	<u>\$ 17,000</u>
 <b><i>Minimum net capital required</i></b>	<u>\$ 5,000</u>
<b><i>Excess net capital</i></b>	<u>\$ 2,270</u>
<b><i>Excess net capital of the greater of 10 percent of total aggregate indebtedness</i></b>	<u>\$ 1,270</u>
<b><i>Or 120 percent of minimum net capital required</i></b>	
<b><i>Ratio of aggregate indebtedness to net capital</i></b>	<u>2.34 to 1</u>
 Reconciliation with Company's computation of (included in	
Part II of Form X-17A-5 as of December 31, 2015):	
Net capital, as reported in Company's Part II (un-audited)	
FOCUS report	\$ 7,270
Net audit adjustments resulting in increased capital	
<b><i>Net capital per above</i></b>	<u>\$ 7,270</u>

See report of independent registered public accounting firm.

**PALICO LLC**

**COMPUTATION FOR DETERMINATION OF RESERVE  
REQUIREMENTS UNDER RULE 15C3-3 (EXEMPTION)**

**DECEMBER 31, 2016**

An exemption from Rule 15c3-3 is claimed, based upon section (k)(2)(i).

See report of independent registered public accounting firm.



**PALICO LLC**

**INFORMATION RELATING TO POSSESSION OR CONTROL  
REQUIREMENTS UNDER SEC RULE 15C3-3 (EXEMPTION)**

**DECEMBER 31, 2016**

An exemption from Rule 15c3-3 is claimed, based upon section (k)(2)(i).

CURCIO  
+ COHEN

CERTIFIED PUBLIC ACCOUNTANTS PC 7 PENN PLAZA, SUITE 1500, NEW YORK NY 10001  
TEL: 212 557-9800 • FAX: 212 557-9819 • website: www.curciocohen.com

To the Board of Directors  
Palico LLC  
New York, NY

Report of Independent Registered Public Accounting Firm on Exemption Report

We have reviewed management's statements, included in the accompanying Exemption Report, in which Palico LLC identified the following provisions of 17 C.F.R. §15c3-3(k) under which Palico LLC claimed an exemption from 17 C.F.R. § 240.15c3-3: (k)(2)(i) (the "exemption provisions") and Palico LLC stated that Palico LLC met the identified exemption provisions throughout the most recent fiscal year without exception. Palico LLC's management is responsible for compliance with the exemption provisions and its statements.

Our review was conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States) and, accordingly, included inquiries and other required procedures to obtain evidence about Palico LLC's compliance with the exemption provisions. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on management's statements. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to management's statements referred to above for them to be fairly stated, in all material respects, based on the provisions set forth in paragraph (k)(2)(i) of Rule 15c3-3 under the Securities Exchange Act of 1934.

*Curcio & Cohen CPAs PC*

Curcio & Cohen, CPA's PC  
New York, New York  
February 24, 2016



200 Park Ave  
Suite 1700  
New York, NY 10166

### Exemption Report

Palico LLC (the "Company") is a registered broker-dealer subject to Rule 17a-5 promulgated by the Securities and Exchange Commission (17 C.F.R. §240.17a-5, "Reports to be made by certain brokers and dealers"). This Exemption Report was prepared as required by 17 C.F.R. § 240.17a-5(d)(1) and (4). To the best of its knowledge and belief, the Company states the following:

(1) The Company may claimed an exemption from 17 C.F.R. § 240.15c3-3 under the following provisions of 17 C.F.R. § 240.15c3-3(k):(2)(i).

(2) The Company me the identified exemption provisions in 17 C.F.R. § 240.15c3-3(k) throughout the most recent fiscal year without exception.

Palico LLC

I, Odile Vaicbourdt, swear that, to my best knowledge and belief, this Exemption Report is true and correct.

Kenneth Boyar  
Title: Chief Compliance Officer, FINOP  
February 24, 2017